

PLANNING COMMISSION REPORT



MEETING DATE: May 12, 2004

ITEM NO. _____ GOALS: Preservation Character

SUBJECT

Hotel Valley Ho Amended Development Standard - 7-ZN-2002#3

REQUEST

Request for approval to amend the development standards for building height for the tower only on a 8.86 +/- acre parcel located at 6850 E Main Street with Highway Commercial District, Historic Property, Downtown Overlay (C-3 HP DO) zoning.

Key Items for Consideration:

- Amend the development standards to increase the height of the tower building from 65-feet to 72-feet.
- This will allow for one additional story, from the previously approved 65-feet approved in 2003, case 7-ZN-2002#2.
- The Historic Property (HP) overlay district allows amended development standards.
- The request will achieve the HP Plan guidelines better than any other option and is consistent with the HP zoning purposes and its Scottsdale Historic Register designation.

Related Policies, Cases, and Zoning History:

- This action directly supports City Council Broad Goal B: Preserve the Character and Environment of Scottsdale

OWNER

MSR Properties LLC
480-637-6222

APPLICANT CONTACT

Scott Lyon
MSR Properties LLC
480-367-6222

LOCATION

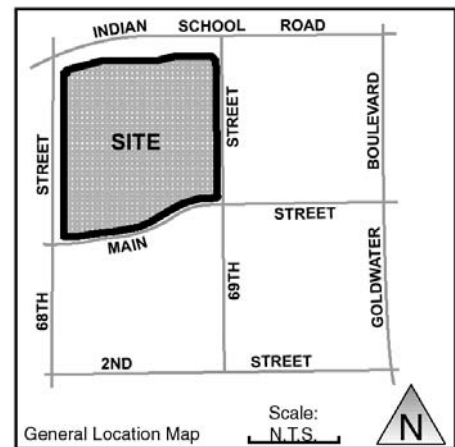
6850 E Main St

BACKGROUND

Cases and Zoning History

During the past two years, several City approvals have been accomplished towards implementing the preservation of the Hotel Valley Ho. These included; HP overlay rezoning, abandonment of Main Street, approving an HP Plan, amended development standard for height from 36-feet to 65-feet, Certificate of Appropriateness, and approval of the Downtown Overlay district.

Process - The HP overlay zoning has a provision for the owner of a historic



property to request amended development standards through a historic preservation plan. The purposes of the plan and amended standards are to support the preservation goals for the property to protect, enhance, and preserve historic resources. Formal adoption of any proposed amendment to the plan and amended development standards must be approved by City Council, following recommendations from the Historic Preservation Commission (HPC) and Planning Commission.

Reason for the Requested Amendment – The original financial package included the use of a federal historic preservation tax credit. In April 2004, the National Park Service (NPS) decided that the project does not meet the Secretary of Interior's Standards to be eligible for this tax credit. There is no ability to appeal this decision until the property is listed on the National Register of Historic Places, which takes approximately one year to accomplish. Therefore, the project will not be eligible for the federal tax credit and there is now a \$4.5 million gap in the funding required to finance the project.

Options Considered – After the denial from the NPS, there were several options considered in order to achieve preservation of the significant historic features of this site, including:

- Demolishing 2 historic 1958 buildings, originally planned for rehabilitation, and replacing these with new buildings.
- Demolition of one of the 1958 buildings or partial demolition of the two buildings, also incorporating new construction.
- Replacing the planned Trader Vic's restaurant with additional hotel rooms.
- Adding additional stories above the ballroom on the southwest corner of the hotel building adjacent to 68th Street.
- One option was to add additional stories to the tower.
- Various other portions of the site were considered for new buildings.

Since the preservation of the significant historic buildings on the hotel site is an important goal, City staff strongly opposed any options to demolish any hotel buildings.

The property owner concluded that the best option for the hotel operations, preservation of the historic character and compatibility with the surrounding area was to add 7 feet onto the 65-foot tower. Thus, creating one additional story by shortening the floor-to-floor dimensions already approved above the lobby, bar and restaurant area. Also, the applicant is changing the tower use from hotel to condominiums as these uses are allowed by the site's DO zoning, the remainder of the buildings on the site will be rehabilitated for hotel use.

With the additional 7-feet and creation of a residential component, this amended height will enable the owner to maintain the schedule for the rehabilitation of the historic buildings and reopening the hotel in late 2005. Other options could require additional time.

APPLICANT'S PROPOSAL

Goal/Purpose of Request

The applicant is requesting a 7-foot increase in building height. This will allow for the expansion of the approved six-story building (65-feet) to a seven-story building (72-feet) in a tower addition above the central portion of the

hotel complex. Exceptions in Section 7.102, for appurtenant stair, elevator towers and mechanical elements, to exceed maximum building height apply with this amendment.

The request continues to implement the documented 1956 architectural and structural engineering plans. The 2003 approved amended development standards restricted the allowed 65-foot height to the central tower portion of the hotel complex, specifically above the western appendage which contains the tower, lobby, bar and restaurant of the historic hotel complex. (See Attachment #7 for the location on the site plan.) This proposal does not change the location of where the additional height can occur on this site. This proposal adds 7 feet to the already approved 65-foot height limitation.

Context - The Downtown Land Use Plan recommends Downtown Office/Residential for properties to the northeast and south, and Suburban neighborhoods to the west. The surrounding zoning is north/east – C-2 DO, south – C-3 DO, and west – R1-7. To the north is an automobile repair business, offices, and retail uses. Offices and retail uses are located to the east. A vacant hotel is to the south, and to the west is a single-family residential subdivision.

The existing area is predominantly one- and two-story character. The property on the south side of Main Street was sold to another developer and their requested zoning will permit 65' buildings (Case 1-ZN-2004, Main Street Residences and Main Street Mews).

Key Issues

Historic Preservation and Building Height

- On April 1, 2003, City Council, with a favorable recommendation from the Planning Commission, adopted amended development standards providing for 65-feet in building height in the planned tower for the Hotel Valley Ho.
- The owner's request, for 7-feet additional height, is the owner's response to a gap of \$4.5 million in the project's pro forma resulting from their recent notification that the project is not eligible for a federal tax credit.
- The proposed amendment helps to preserve and maintain the historic character of this significant resource.

IMPACT ANALYSIS

Historic Preservation and Other Policy implications

The hotel was listed on the Scottsdale Historic Register in July 2002 because it is the only remaining intact historically and architecturally significant Post World War II resort in Scottsdale and most likely Arizona. At the time the original HP Plan was adopted, it was recognized that no other property within the downtown would have a basis for requesting the amendment of the development standards for the reasons being considered for the Hotel Valley Ho. The Historic Preservation Commission fully supports the owner's plan to rehabilitate this significant historic resource.

Community Impact

Approval of this request will demonstrate the City's support for the preservation of historic properties. It will show a willingness to understand and resolve the complexities of dealing with existing historic conditions, and

to be flexible in the administration of the development standards when it is necessary in order to retain the historic character of the community.

Community Involvement

This project has been the subject of an extensive public review process in 2002 and 2003. The owner has been in regular contact with the neighbors as the project has evolved. The result has been favorable. Staff attended an April 28, 2004 open house hosted by the applicant. That open house resulted in positive public comments.

**HPC
RECOMMENDATION**

The HPC held a public hearing on this case on May 5, 2004 and recommended approval, 6-0.

**STAFF
RECOMMENDATION****Recommended Approach:**

Staff recommends approval with the attached stipulations.

**RESPONSIBLE DEPT
(s)****Preservation Division**

Historic Preservation Program

Planning and Development Services Department

Current Planning Services

STAFF CONTACT(S)

Don Meserve

Preservation Planner

480-312-2523

E-mail: dmeserve@ScottsdaleAZ.gov

APPROVED BY

Don Meserve, AICP

Report Author



Kurt Jones, AICP

Current Planning Director

ATTACHMENTS

1. Applicant's Narrative
2. Context Aerial
- 2A. Aerial Close-Up
3. Land Use Map
4. Zoning Map
5. Photo simulation showing addition
6. Stipulations
7. Composite Site Plan
8. Legislative Version: Amended Development Standard for C-3 and DO
9. Proposed Amendment for the Developmental Assistance Category in the Approved Hotel Valley Ho HP Plan
10. City Notification Map

Hotel Valley Ho Historic Preservation Plan Amendment and Amended Development Standard Narrative Cases 2-HP-2004 and 7-ZN-2002#3

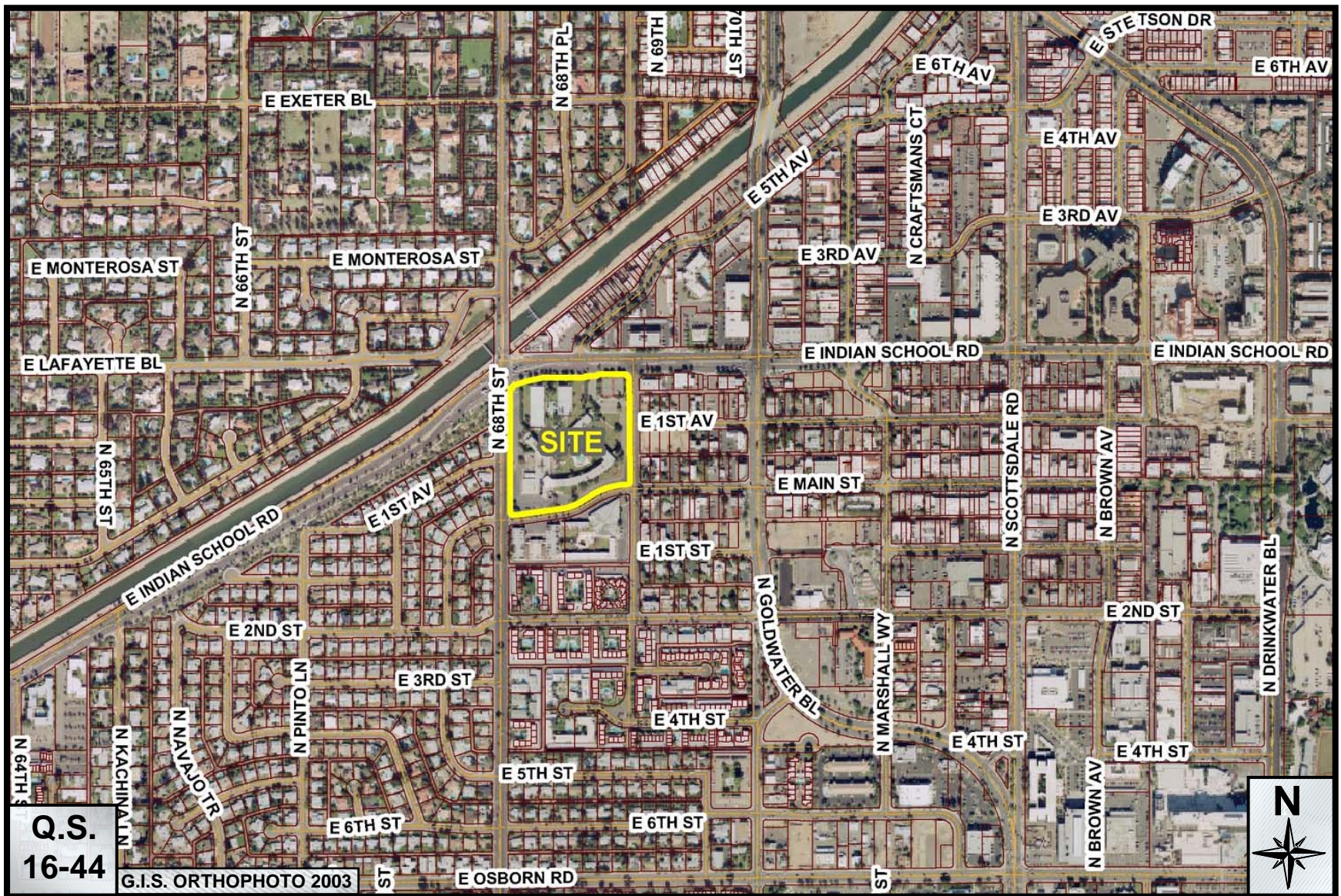
Past Project Approvals – Scottsdale City Council approved the HP-Historic Property overlay zoning for the historic Valley Ho in July 2002. The Hotel Valley Ho was placed on the Scottsdale Historic Register due to its historic and architectural significance to the community and its relationship to the development of Scottsdale as an arts colony and tourist destination. In 2003, the National Park Service evaluated the significance of the Hotel Valley Ho and made a preliminary determination that the resort is eligible for the National Register of Historic Places because it has exceptional historic significance. An HP Plan is mandated by the HP Ordinance, Section 6.119, for all properties designated HP by City Council. The HPC approved the character defining features and the design guidelines sections of the HP Plan on August 22, 2003 and used the approved design guidelines to review our site plan and elevations and approve a Certificate of Appropriateness for the Hotel Valley Ho in October 2002.

The HPC approved a comprehensive ‘Hotel Valley Ho Historic Preservation Plan’ on February 13, 2003, including three amended development standards that we requested to be consistent with the original site plan, landscaping, and planned addition. The amended standards in the plan included changes in the underlying C-3 zoning for building height, frontage open space and parking lot setbacks. City Council approved the HP Plan and Hotel Valley Ho amended development standards on April 1, 2003. We also worked with the City to prepare a financial incentives package, and City Council approved the ‘Hotel Valley Ho Historic Preservation Incentive and Easement Agreement’ on November 4, 2003.

Recent Developments –The approved incentives for this historic property also included technical assistance from the City to assist Westroc in obtaining a federal tax credit equal to 20% of the costs of rehabilitating the historic hotel. Plans for the rehabilitation of the hotel were submitted to the State Historic Preservation Office (SHPO) in the fall for approval and certification that the plans were consistent with the ‘Secretary of Interior’s Standards for Rehabilitation’. The application included the City-approved plans to construct additional stories above the existing one-story lobby and restaurant portion of the hotel to implement the documented original 1956 plans, engineering and construction. SHPO approved the plans and forwarded the plans to the National Parks Service with their favorable recommendation. Contrary to the City and State approvals, the National Park Service determined in April 2004 that the plans were not consistent with the Secretary of Interior’s Standards. We projected the tax credit to be \$4.5 million, based upon current construction cost estimates for the historic hotel. This recent federal rejection is a major setback to the financial plans for a successful project because it means the project is not eligible for the federal tax credit.

Proposed Response to Financial Setback/Requested Amendment – Westroc has carefully considered our options for successfully completing this project in the face of this \$4.5 million financial shortfall. We have determined with our architects, Allen + Philp, that the best option is to request approval for an additional story above the lobby and restaurant. This option allows the project to proceed with only a minor delay, shifting the opening date from October to December of 2005.

We have met with Preservation Division staff to discuss this approach and understand that the HP Plan needs to be amended to change the allowable height for this addition from 65’ to 72’, and that the amended development standard must be adopted by City Council in a zoning case, following hearings by the HPC and Planning Commission. Our rationale for requesting approval to construct one additional story is that the rehabilitation of the historic Hotel Valley Ho, and repositioning the 1950’s hotel in the downtown Scottsdale marketplace, cannot be achieved financially without the added value of a modest increase in total square footage in the project.



Hotel Valley Ho

7-ZN-2002#3

ATTACHMENT #2



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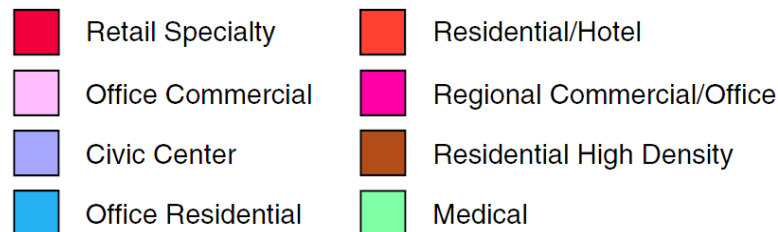
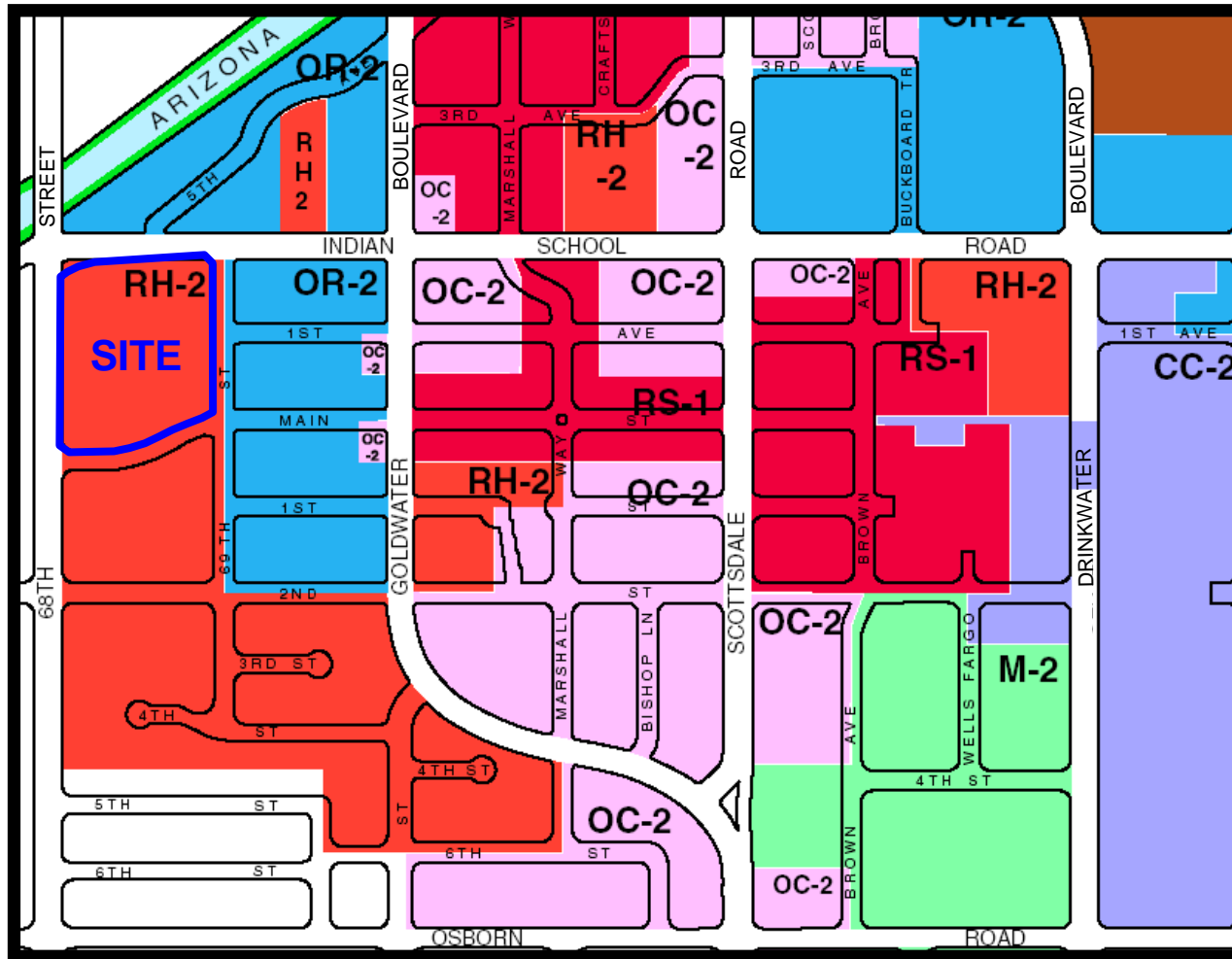
G.I.S. ORTHOPHOTO 2003

Hotel Valley Ho

7-ZN-2002#3

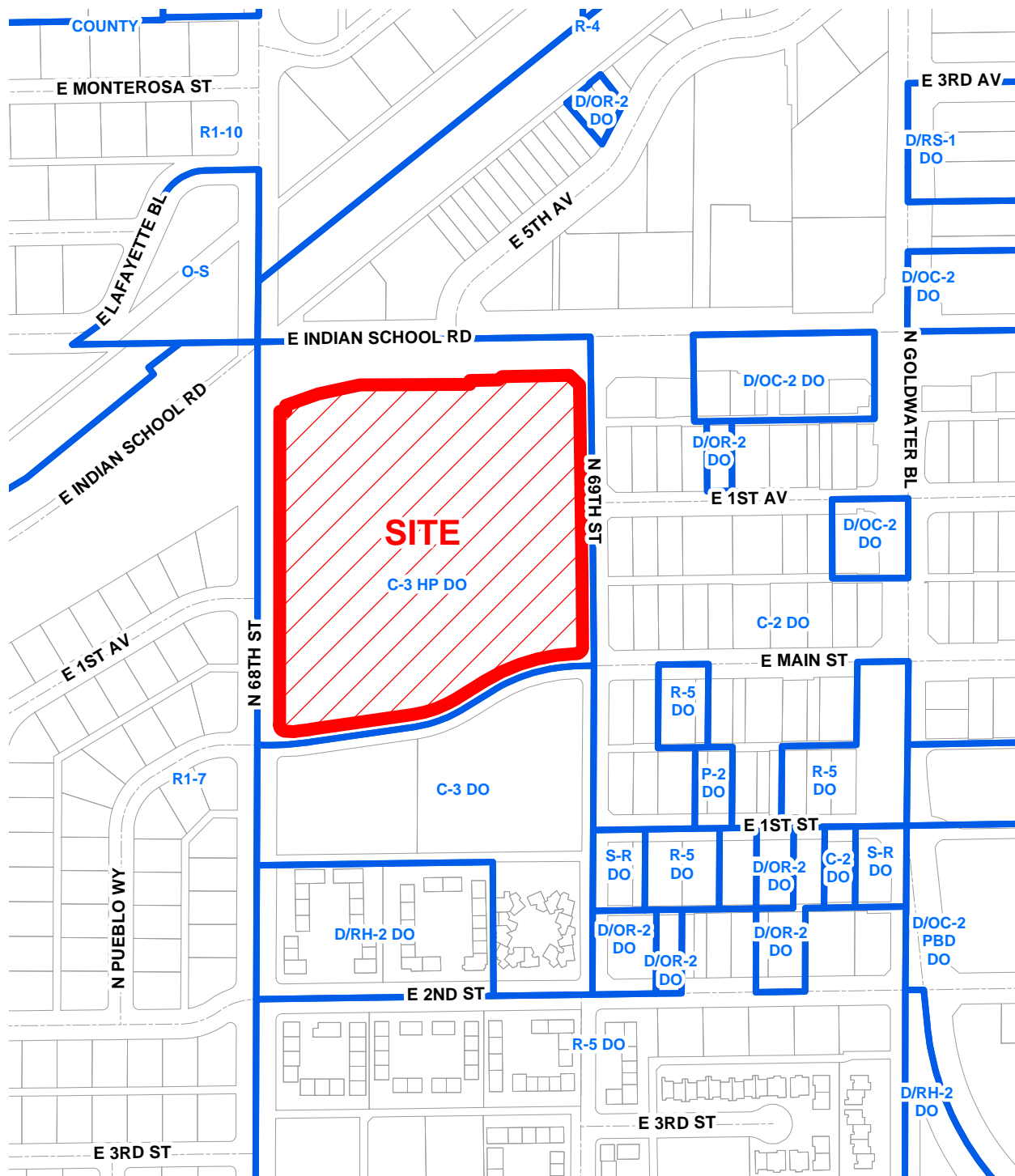
ATTACHMENT #2A

Downtown General Plan



7-ZN-2002#3
ATTACHMENT #3

Amend the development standards for building height for the tower only with Highway Commercial District, Historic Property, Downtown Overlay (C-3 HP DO) zoning.



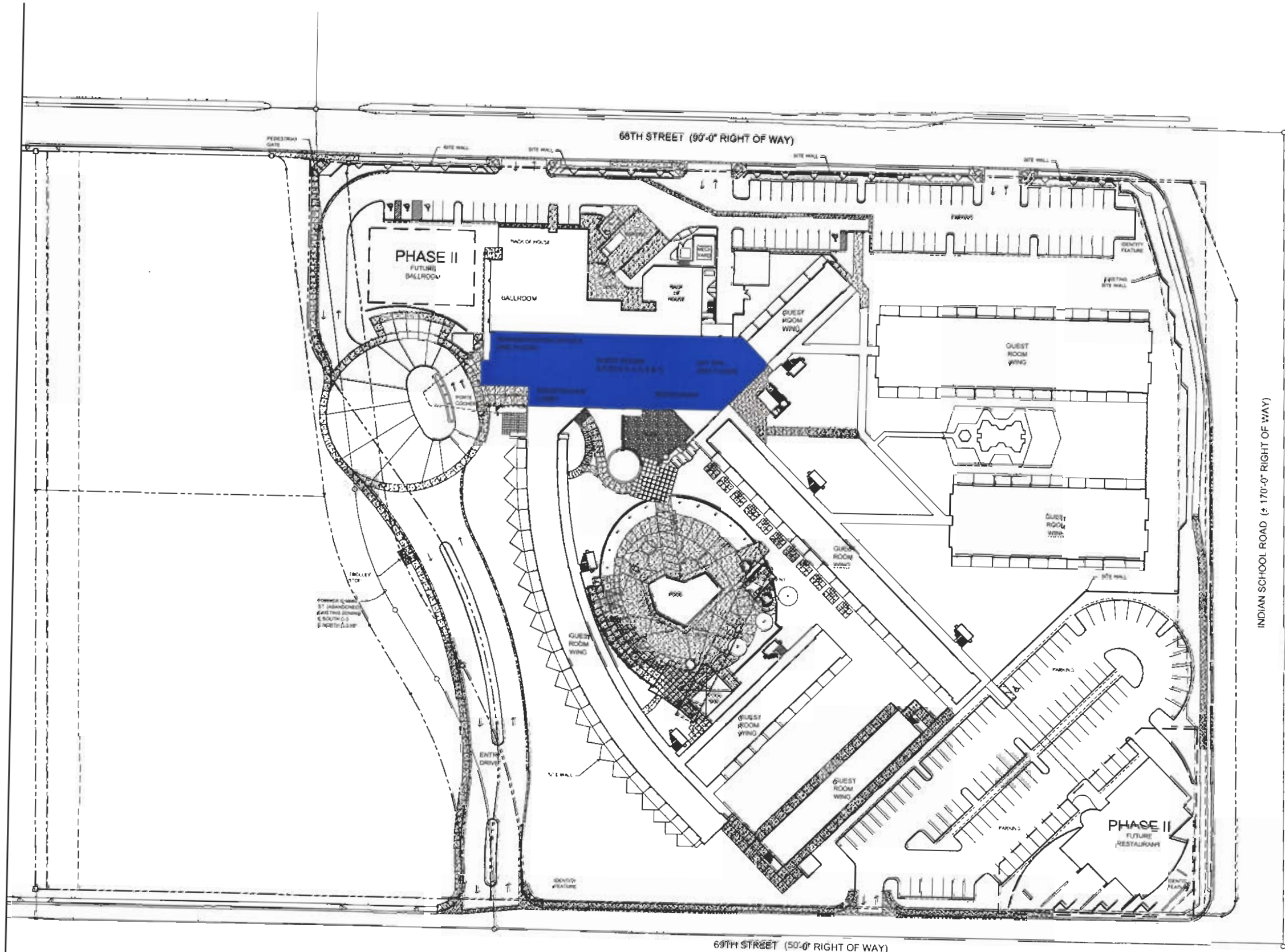
7-ZN-2002#3

ATTACHMENT #4



STIPULATION FOR CASE 7-ZN-2002#3

1. Any changes in the April 8, 2004 Composite Site Plan that are different from the January 30, 2003 Composite Site Plan Worksheet that was referenced in the stipulations for the amended development standards in case 7-ZN-2002#2 must be submitted for approval of a new Certificate of Appropriateness. If the amended development standard for building height in case 7-ZN-2002#3 is adopted, the application for approval of a revised site plan and a new Certificate of Appropriateness shall include new elevations for the portion of the project, called the tower, with a maximum building height of 72-feet.
2. The stipulations in this case take precedence over the stipulations for Case 7-ZN-2002#2.



COMPOSITE SITE PLAN
SCALE: 1/8" = 1'-0"

7-ZN-2002#3

ATTACHMENT 7.

**HOTEL VALLEY HO
REHABILITATION**
Allen
7836 EAST FIFTH AVENUE
SCOTTSDALE, ARIZONA 85261
480.992.2020
WESTROG HOSPITALITY

| | |
|-----------|--------------|
| DATE | 08 APRIL 04 |
| SCALE | 1/8" = 1'-0" |
| DRAWN | |
| CHECKED | |
| SHEET NO. | A1.01 |

LEGISLATIVE VERSION-C-3
AMENDED DEVELOPMENT STANDARD
CASE 7-ZN-2002#3
HOTEL VALLEY HO, 6850 E. MAIN STREET

**ADOPTED C-3 HIGHWAY COMMERCIAL AMENDED DEVELOPMENT STANDARDS
FOR HOTEL VALLEY HO, SECTION 5.1504. PROPERTY DEVELOPMENT STANDARDS,
WITH REQUESTED AMENDED DEVELOPMENT STANDARD SHOWN WITH
~~STRIKEOUTS~~ FOR DELETED TEXT AND NEW TEXT IN UNDERLINED BOLD CAPS**

Sec. 5.1504. Property development standards.

The following property development standards shall apply to all land and buildings in the C-3 district:

- A. *Floor area ratio.* In no case shall the gross floor area of a structure exceed the amount equal to eight-tenths multiplied by net lot area in square feet.
- B. *Volume ratio.* In no case shall the volume of any structure exceed the product of the net lot area in square feet multiplied by 9.6 feet.
- C. *Open space requirement.*
 - 1. In no case shall the open space requirement be less than ten (10) percent of the net lot area for zero (0) feet to twelve (12) feet of height, plus four-tenths percent of the net lot for each foot of height above twelve (12) feet.
 - 2. Open space required under this section shall be exclusive of parking lot landscaping required under the provisions of article IX of this ordinance.
- D. *Building height.* No building shall exceed thirty-six (36) feet in height, except that a building with a height not to exceed ~~sixty-five (65) feet~~ **SEVENTY-TWO (72) FEET** may only be added above the portion of the existing building generally above the public lobby, bar and restaurant areas as shown on the original 1956 valley ho plans, and except as otherwise provided in article VI or article VII.
- E. *Density.*
 - 1. Hotels, motels, and timeshare projects shall provide not less than ten (10) guest rooms and/or dwelling units with a minimum gross land area of one thousand (1,000) square feet per unit.
- F. *Yards.*
 - 1. Front Yard.
 - a. No front yard is required except as listed in the following three (3) paragraphs and in article VII hereof, unless a block is partly in a residential district, in which event the front yard regulations of the residential district shall apply.
 - b. A minimum of one quarter (1/4) of the open space requirement shall be incorporated as frontage open space to provide a setting for the building and a streetscape containing a variety of spaces.
 - c. Where parking occurs between a building and the street a yard of zero (0) feet in depth shall be maintained.
 - 2. Side Yard.

- a. A side yard of not less than fifty (50) feet shall be maintained where the side of the lot abuts a single-family residential district or abuts an alley which is adjacent to a single-family residential district. The fifty (50) feet may include the width of the alley.
 - b. A side yard of not less than twenty-five (25) feet shall be maintained where the side lot abuts a multiple-family residential district. The twenty-five (25) feet may include any alley adjacent to the multiple-family residential district.
- 3. Rear Yard.
 - a. A rear yard of not less than fifty (50) feet shall be maintained where the rear lot abuts a single-family residential district or abuts an alley which is adjacent to the single-family residential district. The fifty (50) feet may include the width of the alley.
 - b. A rear yard of not less than twenty-five (25) feet shall be maintained where the rear lot abuts a multiple-family residential district. The twenty-five (25) feet may include any alley adjacent to the multiple-family residential district.
- 4. All operations and storage shall be conducted within a completely enclosed building or within an area contained by a wall or fence as determined by Development Review [Board] approval or use permit.
- 5. Other requirements and exceptions as specified in article VII.

(Ord. No. 1840, § 1, 10-15-85; Ord. No. 2818, § 1, 10-17-95, Ord. No. 3502, § 1, 4-1-03)

legislativetextamendCC2

**LEGISLATIVE VERSION -DO
AMENDED DEVELOPMENT STANDARD
CASE 7-ZN-2002#3
HOTEL VALLEY HO, 6850 E. MAIN STREET**

ADOPTED DO-DOWNTOWN OVERLAY SECTION 6.1207. SITE DEVELOPMENT STANDARDS WITH REQUESTED AMENDED DEVELOPMENT STANDARD FOR HOTEL VALLEY HO SHOWN WITH ~~STRIKEOUTS~~ FOR DELETED TEXT AND NEW TEXT IN UNDERLINED BOLD

Sec. 6.1207. Site development standards.

A. For municipal uses that require a Municipal Use Master Plan, the City Council may modify the property development standards of the underlying zoning district.

B. Schedule B prescribes development standards applicable to the (DO) downtown overlay district. References in the additional regulations column refer to regulations located elsewhere in the Zoning Ordinance.

**Schedule B
Site Development Standards**

| I. Development requirements within the (DO) Downtown Overlay (all non (D) Downtown zoned zoning districts) | | | Additional regulations |
|---|---|--|------------------------|
| 1. | Floor area ratio (FAR) | 0.8 | |
| | A. FAR bonus maximum | 0.5 | Section 6.1209 |
| | Total maximum FAR (excluding residential) | 1.3 | |
| 2. | Building Volume | No maximum | |
| 3. | Open Space | None required and the site development shall demonstrate conformance to the Downtown Plan Urban Design and Architectural Guidelines. | |

| II. Site requirements within (DO) Downtown Overlay (all zoning districts) | | | |
|--|--|---|-------------------------------------|
| 1. | Minimum site area | None required | |
| 2. | Minimum front building setback | 16 feet from planned curb | Sections 6.1207.C.2 and 6.1207.C.3. |
| 3. | Minimum interior side building setback | None. | |
| 4. | Minimum corner side building setback | 16 feet from planned curb | |
| 5. | Minimum rear building setback | Minimum of 50 feet when adjacent to single-family residential districts, and minimum of 25 feet when adjacent to multi-family residential districts. No minimum in all other instances except as required for off-street loading and trash storage. | |

| | | |
|--|-------------------------------|----------------------------|
| III Building design requirements (all non-(D) downtown zoned | Properties with (S-R) Service | All other zoning districts |
|--|-------------------------------|----------------------------|

| zoning districts) | | Residential zoning | |
|-------------------|--|--------------------|---|
| 1. | Height maximum (all uses) | 26 feet | 36, <u>except that the area above the original lobby, bar and restaurant shown on the Composite Site Plan shall have a maximum height of 72 feet, and the exceptions in Section 7.102 still apply to this tower addition.</u> |
| 2. | Building envelope, starting at a point 26 feet above the building setback line, the inclined stepback plane slopes at: | Does not apply | 2:1 on the front, and 1:1 on the other sides of a property |

| IV. Residential density (all zoning districts) | | |
|--|-----------------------------|----------------------------------|
| 1. | Maximum residential density | 23 dwelling units per gross acre |

C. Additional regulations.

1. Spacing between two (2) buildings on the same site shall be not less than ten (10) percent of the larger building's two (2) longest adjacent sides at the space (e.g. Front and side).

2. Where existing setbacks on forty (40) percent or more of a block face are less than the specified setback, the required setback on a site to be developed shall be the average setback of the developed portion of the block face. Section 7.201 (adjustment of front yard requirements) shall not apply.

3. Buildings fronting on Camelback Road, Indian School Road, and on Scottsdale Road north from Camelback Road and south from Osborn Road to the Downtown Overlay district boundary, shall be setback forty (40) feet from the planned curb line. Buildings fronting on Drinkwater Boulevard and Goldwater Boulevard shall be setback thirty (30) feet from the planned curb line. The regulations of section 5.3062 shall also apply to these front setbacks.

(Ord. No. 3520, § 1, 7-1-03; Ord. No. 3543, § 1(Exh. 1), 12-9-03)

**PROPOSED AMENDMENT FOR THE DEVELOPMENTAL ASSISTANCE CATEGORY
OF CITY PRESERVATION ASSISTANCE IN THE APPROVED HOTEL VALLEY HO HP PLAN**
Requested amendment to text shown with ~~strikeouts~~ for deleted text and new text in **UNDERLINED BOLD CAPS**

Developmental Assistance

This category of assistance addresses the existing building conditions of the historic hotel complex and its unique situation and needs relative to the City review processes and building, zoning and development codes.

Building Permit Review

The City recognizes from the outset that there will be many challenges in rehabilitating the historic buildings of the Hotel Valley Ho to meet the standards of modern building codes. The City is committed to providing flexibility in achieving the intent of the codes by allowing equivalent life safety measures for repairs, alterations and additions to the historic buildings. The alternative methods of achieving safety utilized by the Uniform Code of Building Conservation will be considered in reviewing approaches and treatments that might be acceptable for the Hotel Valley Ho rehabilitation.

City Expedited Development Review

The review of the development and building plans for work undertaken as part of the redevelopment and rehabilitation of the Hotel Valley Ho will be expedited in accordance with City procedures for providing such a review.

Amendments to the Underlying Zoning Development Standards

Section 6.119.A.5.c of the HP Ordinance provides for the modification of the standards set in the underlying zoning district in which a designated property is located if it will assist in its preservation. Accordingly, with the approval of this HP plan the development standards for the existing zoning of C-3 Highway Commercial will be amended for the Hotel Valley Ho property as follows:

5.1504.D Building Height:

Justification for Amendment: For the ~~operation~~ **REHABILITATION** of the hotel to be economically viable, additional ~~guest rooms~~ **SQUARE FOOTAGE** must be added to the complex. The most practical and sensitive location for the expansion to occur is by adding additional stories over the one- and two-story public area housing the lobby, lounge and restaurant. This is consistent with the original construction drawings that show this area was designed, engineered and constructed to allow for four additional floors of guest rooms. Therefore the expansion in this location is in keeping with the original design intent. Limiting the additional square footage to this one location also retains the historic arrangement of buildings and open space of the resort and preserves the historic appearance of the guest room wings. This approach to adding additional square footage also is considered the most acceptable method in keeping with the *Secretary of Interior's Standards for Rehabilitation*.

The purpose of historic preservation is to maintain the historically significant features of the property while providing for the continued evolution and economic use of the property. The existing building layout on the property is a fixed feature the owner must work with and around. This limits the development opportunities of the property. Additional building height in the location proposed achieves both objectives for the property.

Proposed Amendment: Maximum height will be extended from thirty-six (36) feet to ~~sixty-five (65) feet~~ **SEVENTY-TWO (72) FEET** to allow for the ~~expansion~~ **NEW CONSTRUCTION** to occur while minimizing the impact on the Hotel Valley Ho's character-defining features.

**PROPOSED AMENDMENT FOR THE DEVELOPMENTAL ASSISTANCE CATEGORY
OF CITY PRESERVATION ASSISTANCE IN THE APPROVED HOTEL VALLEY HO HP PLAN**
Requested amendment to text shown with ~~strikeouts~~ for deleted text and new text in **UNDERLINED BOLD CAPS**

5.1504.D Frontage Open Space:

Justification for Amendment: Although the hotel complex as a whole meets the City's open space requirements, there is not sufficient open space along the property's frontage. It should be recognized that the existing conditions on the site are part of its historic character and the current arrangement of the physical elements including the existing buildings, parking locations and open spaces, contributes to the property's significance. Consequently, the current requirement that a minimum of one-half (1/2) of the open space requirement be incorporated as frontage space should be modified to reflect the percentage of frontage open space that existed historically on the site

Proposed Amendment: Required frontage open space on the Hotel Valley Ho should be reduced to one-quarter (1/4) of the open space requirement.

5.1504.F.1.c Parking Setback:

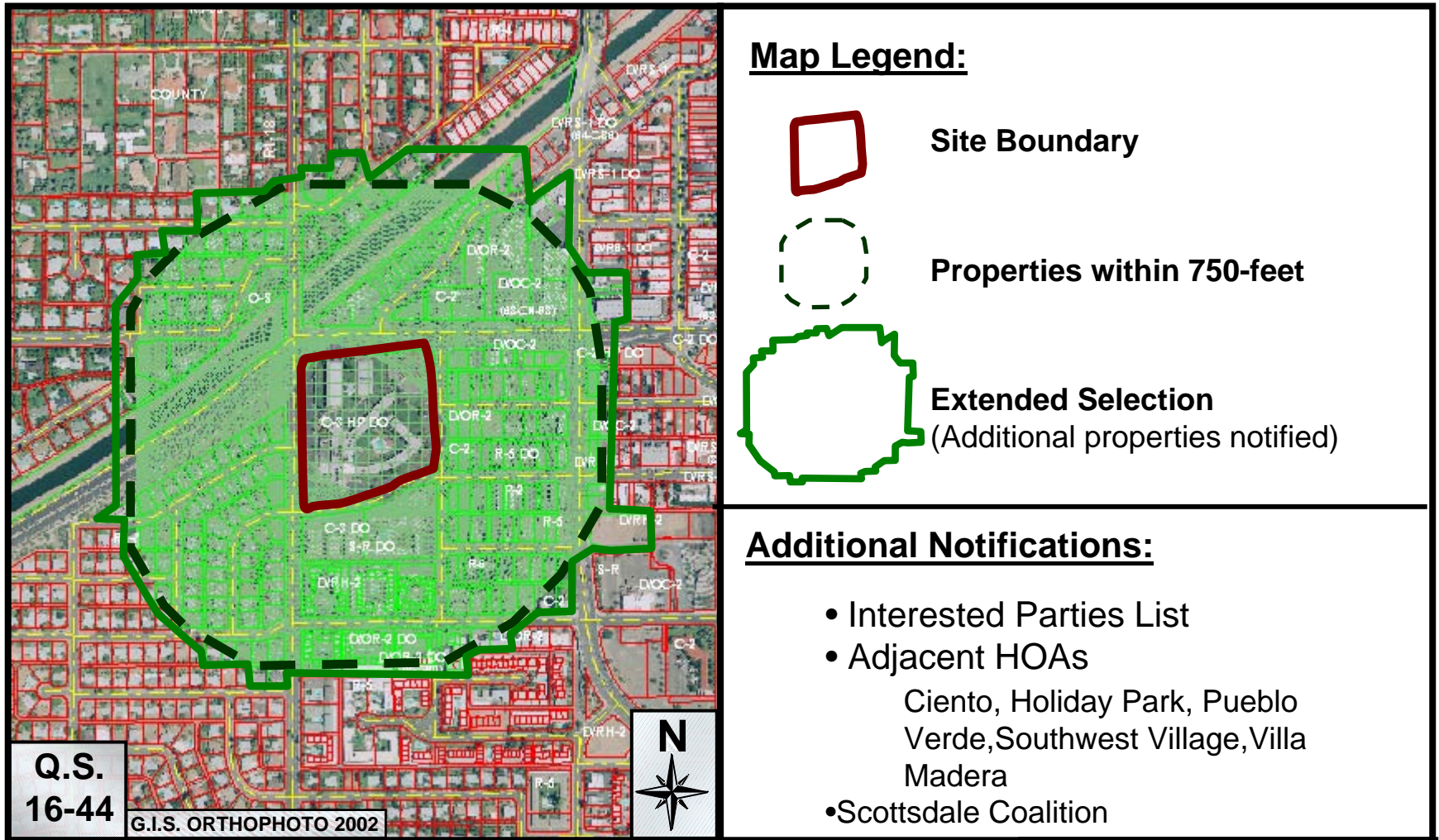
Justification for Amendment: It should be recognized that the existing conditions on the site are part of its historic character and the current arrangement of the physical elements including the existing buildings, parking locations and open spaces, contributes to the property's significance. Consequently, the current requirement that a yard of thirty-five (35) feet in depth shall be provided between parking and the street should be modified to reflect the existing arrangement of the parking locations.

Proposed Amendment: Requirement for thirty-five (35) feet yards between parking and the street be modified to allow existing parking and setbacks to remain.



Attachment: Original and Proposed Addition Intent Comparison,
Prepared by Allen + Philp, Architects

City Notifications – Mailing List Selection Map



Hotel Valley Ho Historic Preservation Plan Amendment

7-ZN-2002#3

ATTACHMENT #10